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SIPDIS

DEPT FOR PM/DTCC - BLUE LANTERN COORDINATOR KYLE M. BALLARD

E.O. 12958: DECL: 07/18/2019

TAGS: [ETTC](#) [KOMC](#) [GT](#)

SUBJECT: GUATEMALA: BLUE LANTERN POST-LIC./PRE-SHIP END-USE  
CHECK ON LICENSE 050146439

REF: A. STATE 59768

[B](#). IIR 6 838 0172 09

[C](#). 07 GUAT 801

[D](#). GUAT 734

Classified By: Elizabeth Mangini, for reasons 1.4 (a), (b), and (d).

[1](#). (SBU) Summary: In response to reftels, Emboffs researched the bona fides of Distribuidora Piper S.A. (DP). The research included an on-site inspection of DP, an interview with the company's senior administrative staff, and records checks of both the company and the owner with the Government of Guatemala. As a result of the investigation, Post recommends approval of reftel license. End Summary.

[2](#). (C) On July 16th, Emboffs conducted an interview with two employees of DP, Sergio Lopez and Lorena Lemus Rivera, who handle all accounting and general management of the company. Lopez and Rivera confirmed the reftel purchase of eight Generation III Aviator Night Vision Goggles (NVG) including helmet visors for the Ministry of Defense (MOD) as part of a request from the Guatemalan Air Force for the purposes of conducting nighttime aviation exercises. Lopez and Rivera provided to Emboffs all proper documentation related to the transaction signed by officials at the MOD, which included the original contract, a confirmation of shipment of the NVG to the MOD in the end of June, and a DSP-5 signed by DOS for the NVG purchase in April 2009. According to the former DAO chief, Colonel Humberto Rodriguez, MOD confirmed with Rodriguez that the NVG purchase was requested by them and DP is a legitimate entity.

[3](#). (SBU) Since DP's primary business is the selling and servicing of Bell Helicopters and not a weapons store, Emboffs did not conduct a traditional inspection of the facility. DP was incorporated in 1986 and Gregorio Valdez is the President, according to Lopez. (Note: Since 1985, Valdez has been one of Guatemala's largest beneficiaries of government contracts whose businesses include helicopters, road construction, telephone companies, import and export. Valdez was recently accused of participating in the plan to kill Guatemalan lawyer, Rodrigo Rosenberg, who was murdered on May 10, 2009 per reftel d. End Note.) The business license revealed that DP has the authority to also conduct weapons transactions per GT law. Per reftel, the DSP-83 signed by Lopez for the NVG transaction and stamped with Valdez's name as the legal representative representing AMK Trading are two companies both owned by Valdez. Lopez confirmed with Emboffs that DP is familiar with the regulations governing the import of U.S.- origin defense articles, including restrictions on re-transfer or re-export. A licensed distributor of Bell, DP sells about two helicopters a year and services approximately 100 helicopters in GT and other Central American countries. There are 35 employees on site and the building is located on the grounds of the La Aurora Airport, directly across the runways from the main administrative building of the GT Air Force.

¶4. (S) In addition to the required licensing investigation for the NVG and per reftel request, Emboffs did confirm that DP and another company called "Piper" mentioned in reftel b are the same company, but did not ask the details of a specific ammunition transaction with the MOG, which involved an ammunition re-sell by Piper through a weapons company called Aire Libre. Through Emboff contacts, it was learned that the owner of Aire Libre (reftel c) who did not receive a favorable Blue Lantern check in 2007, is one of the largest arms importers in GT. At the time of the reftel c inspection, Aire Libre's owner, Edmundo Quidiello, was denied a license because his weapons store was used as a "front" for three different companies and was subject to public record and firearm offenses over a ten year period. Emboffs concluded through a conversation with industry contacts that Valdez and Quidiello own separate companies, and Valdez utilizes Quidiello for weapons imports only.

¶5. (SBU) Based on the results of the on-site inspection, interviews and records check, Post recommends approval of the reftel license.

¶6. (C) Commentary: Emboffs understand the complexity of the many companies owned by Valdez and that the reftel b situation of faulty ammunition possibly contributing to the death of the five SAIA agents. Embassy officials are well-acquainted with Valdez and his strong influence on many business sectors including his close relationships with top government officials. However, Emboffs concluded that this particular reftel transaction was completed in a correct and legitimate manner. Emboffs recommend that all future license applications with Valdez should be determined on a case-by-case basis, especially for end-use recipients like

the MOD who rely on companies like Valdez's to acquire important military training equipment.

McFarland